DOCUMENT RESUME

ED 372 184 CE 066 684

TITLE	Study on Job Training for Welfare Recipients Has Only Limited Implications for Welfare Reform Debate.
INSTITUTION	Center on Budget and Policy Priorities, Washington, DC.
PUB DATE	18 May 94
NOTE	7p.
PUB TYPE	Viewpoints (Opinion/Position Papers, Essays, etc.) (120)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Adult Education; Career Education; Economically Disadvantaged; *Employment Programs; Federal Legislation; Federal Programs; *Females; Income; *Job Placement; *Job Training; *Program Effectiveness; *Welfare Recipients; Womens Education
IDENTIFIERS	Aid to Families with Dependent Children; Job Training Partnership Act 1982; *Welfare Reform

ABSTRACT

A study used data on the characteristics, Job Training Partnership Act (JTPA) program activities, and quarterly earnings of about 6,500 adult female Aid to Families with Dependent Children (AFDC) recipients who enrolled in JTPA programs in 11 states during Program Year 1986. The study tracked the experiences of the women in the JTPA programs and examined their employment and earnings for 2 years after leaving the programs. Findings showed about three-quarters of the AFDC/JTPA participants were placed into jobs. Of those who were placed in jobs, slightly over half had earnings in all 4 quarters of the first post-program year; somewhat less than half had earnings in all 4 quarters of the second year; about 16 percent had earnings above the 1990 federal poverty line for a 3-person family during their first post-program year; and about 22 percent had earnings above this level in the second year. Because the study lacked a control group, it provided limited information on the effectiveness of JTPA training for welfare recipients. Analysis indicated that the study had only limited relevance to the welfare time limit debate. At most, the results suggested that even among a select group of welfare recipients who were willing and able to enroll in a JTPA training program, a quarter did not find employment, half of those that did find jobs had difficulty staying employed, and only a small fraction earned their way out of poverty. (YLB)

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ED 372 184

CENTER ON BUDGET AND POLICY PRIORITIES

STUDY ON JOB TRAINING FOR WELFARE RECIPIENTS HAS ONLY LIMITED IMPLICATIONS FOR WELFARE REFORM DEBATE

The National Commission for Employment Policy (NCEP) recently completed a study of several thousand AFDC recipients who participated in employment and training programs operated under the Job Training Partnership Act (JTPA) during 1986-87. Several recent press reports have tied the findings from the NCEP study to the current welfare reform debate, in some cases concluding that the findings support a two-year limit on welfare receipt. For example, an April 25, 1994 *Washington Post* article, headlined "2-Year Welfare Time Limit Called Effective," began by saying: "A Clinton administration proposal requiring welfare recipients to find a job within two years works effectively on a limited basis, according to a study of federal job training and placement of AFDC recipients."

A careful reading of the NCEP study suggests that it has only limited relevance to the current debate over welfare time limits. Moreover, to the extent the study is pertinent, its implications are unclear. This is true for several reasons:

- The study did not test a welfare time limit; no such limit was in place during the study period.
- The study focuses on AFDC recipients who voluntarily enrolled in JTPA; this is a select group that is probably not typical of the general population of AFDC recipients who would be subject to a time limit if one were in place.
- The study's methodology does not allow readers to determine whether the JTPA programs were effective — that is, whether they had any effect on participants beyond what would have occurred if the programs did not exist.
- If the study's findings *are* applied to the current debate, the implications are uncertain. On the one hand, the study found that a fairly large fraction of the AFDC/JTPA participants were placed in jobs within two years. On the other hand, even among the select group of AFDC recipients included in the study, relatively few obtained steady work or escaped poverty, and it is not clear how many actually left welfare for an extended period.

The new NCEP study provides interesting data about how a large group of AFDC recipients fared in JTPA programs. This information may be useful in considering the possible consequences of current welfare proposals and the role of education and training in welfare reform. It would be inappropriate, however, to conclude that the study confirms the effectiveness of a welfare time limit.

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How the NCEP Study Was Conducted and What It Found

The NCEP study, *JTPA Programs and Adult Women on Welfare: Using Training to Raise AFDC Recipients Above Poverty*, uses data on the characteristics, JTPA program activities, and quarterly earnings of about 6,500 adult female AFDC recipients who enrolled in JTPA programs in 11 states during Program Year 1986 (July 1, 1986 to June 30, 1987). The study tracks the experiences of the women in the JTPA programs and examines their employment and earnings for two years after leaving the programs. AFDC recipients are automatically eligible for JTPA services and represent more than a third of female JTPA participants nationwide; in many states, the JTPA system plays an important role in the Job Opportunities and Basic Skills (JOBS) program for AFDC recipients.

The study only includes AFDC/JTPA participants who had no reported earnings in the year prior to enrolling in JTPA. It targets this group of participants in order to "parallel one option under a 'two years and out' program."[1] In effect, the study assumes that women who were receiving AFDC when they entered JTPA and had no earnings in the prior year probably received AFDC throughout that year. However, the study notes that without data on AFDC receipt it is not possible to determine how many of these women actually received AFDC throughout the year prior to enrolling in JTPA.

Overall, the study found that about three-quarters of the AFDC/JTPA participants were placed into jobs, according to JTPA program records. (The actual placement rate was somewhat lower than 75 percent. The study excludes individuals who left JTPA training "for reasons outside the control of training providers." This includes those who moved, died, or were found ineligible for JTPA, as well as some people who simply stopped attending training. However, it is also important to note that some of those who were not placed by JTPA found employment without the program's help.)

Of those who were placed in jobs, slightly over half had earnings in all four quarters of the first post-program year; somewhat less than half had earnings in all four quarters of the second post-program year. About 16 percent of those placed in jobs had earnings above the 1990 federal poverty line for a three-person family during their first post-program year; about 22 percent had earnings above this level in the second year. (The study does not include information on the household sizes of the women in the sample, so it is not possible to determine how many of these families included three or fewer people and were actually lifted out of poverty.)

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[1] Only one year of prior earnings data were available for the study.

Using the NCEP Study to Assess the Effectiveness of JTPA

In assessing the effectiveness of an employment and training program like JTPA, it is critical to consider what would have happened to participants if the program did not exist. This is often done by randomly assigning eligible individuals to one of two groups: a control group that is excluded from the program and a program group that has access to it. The control group tells researchers what would have happened to participants if there were no program. By tracking the two groups over time and comparing their experiences, it is possible to determine what difference the program makes.

Without a control group, it is difficult to evaluate the outcomes achieved by program participants. For example, in the NCEP study, it is not clear whether a 75 percent job placement rate for AFDC/JTPA participants is high or low. The rate may seem high, but we know that most people who enter the AFDC program leave the welfare rolls relatively quickly on their own — often because they find jobs — with or without programs like JOBS and JTPA. This is especially likely to be true of women who are willing and able to enroll in JTPA programs, since these programs sometimes screen out applicants who have low skill levels or other problems likely to hinder their ability to succeed.[2]

For example, a recent national study of JTPA that used a control group found that almost 77 percent of the disadvantaged women who were in the control group and did not receive JTPA services found jobs at some point within 18 months after entering the study. That study also found that almost 79 percent of the women who had access to JTPA services found jobs. The difference that could be attributed to JTPA was statistically significant (i.e., unlikely to be due to chance), but it was fairly small — about two percentage points.[3]

The NCEP study does compare the results for AFDC/JTPA participants to the results for other groups. For example, it compares AFDC/JTPA participants who found jobs to AFDC/JTPA participants who left JTPA prior to being placed; it finds that a much larger fraction of the former group had earnings above the poverty line in the post-program period. However, this difference may not tell us much about JTPA's effectiveness. For example, those who left JTPA without being placed might have done so because they developed an illness that also made it impossible for them

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[2] *The National JTPA Study: Site Characteristics and Participation Patterns*, James Kemple, Fred Doolittle, and John Wallace, Manpower Demonstration Research Corporation, 1993, p. 51.

[3] These results from the National JTPA Study include both AFDC recipients and non-AFDC recipients.

to work. One would expect that people in this situation would not perform as well as those who completed the training.

The Implications for Welfare Reform

Because the recent NCEP study lacks a control group, it provides limited information on the effectiveness of JTPA training for welfare recipients. This does not mean, however, that the study has no value. Studies without control groups can provide useful information about people's experiences in training programs and the outcomes they achieve.

Some observers have argued that the NCEP study illustrates that it is possible to use employment and training programs to move welfare recipients into jobs and out of poverty within a two-year period. They contend that this confirms the feasibility of a two-year limit on welfare receipt.

There are three problems with this conclusion. First, as noted earlier, it is not clear what role JTPA played in moving participants into jobs and out of poverty, since we know that many welfare recipients make such progress on their own, at least temporarily. Other studies using control groups have shown that welfare-to-work programs can help recipients do somewhat better than they would do on their own, but the NCEP study does not allow for this type of conclusion.

Second, the NCEP study did not focus on the full welfare caseload; it included only women who were AFDC recipients when they entered JTPA training and had no earnings in the prior year. Since the data come from 1986, before the Family Support Act began to require large numbers of AFDC recipients to participate in employment and training activities[4], the study's author notes that this is likely to be a "select group" of welfare recipients who were both willing and able to enter a JTPA program and to work. Proposed time-limits, however, would apply both to AFDC recipients who enter training on their own and to those who do not. Members of the latter group would likely have more difficulty entering the labor force.

Third, even if one accepts the NCEP study as valid evidence of what might happen under a time-limited welfare system, the implications of the findings are not at all clear. On the one hand, a large proportion of the AFDC/JTPA participants found jobs in less than two years. On the other hand, only about half of those who were placed had earnings in all four quarters of their first post-program year. Although the study includes no data on welfare receipt, one can assume that many of

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[4] Even today, funding constraints have limited the JOBS program to serving about 10 percent of the welfare caseload at any one time.

those who did not have earnings in one or more quarters may have returned to the AFDC rolls during these periods (if they ever left the rolls in the first place). This would be consistent with other studies, which show that many of those who leave welfare for work subsequently return, including those who find work through employment and training programs. In Riverside County, California's GAIN welfare-to-work program, 63 percent of the program group worked at some point within two years of entering GAIN, but only 35 percent were working at the end of the second year; almost half were on welfare at the two-year point.

Thus, one could interpret the NCEP results to suggest that even among a self-selected group of welfare recipients who were willing and able to enroll in a training program and work, some did not find employment within two years, half of those who found jobs had difficulty staying steadily employed, and only a small fraction earned their way out of poverty. This may explain the report's conclusion, which was *not* highlighted in some press accounts:

> In conclusion, this report demonstrates that JTPA Title II-A programs did assist many AFDC recipients, in terms of both improving their chances for employment and their ability to become economically self-sufficient. Still, much more would be required in a "two years and out" welfare reform program. Many more women would need to be assisted and all would need to become employed.

Interestingly, the NCEP report found that women who were placed in jobs after obtaining more "intensive" JTPA services such as classroom and on-the-job training were significantly more likely to have earnings in all quarters and to earn above the poverty line during the two post-program years than those who were placed after receiving low-intensity job search assistance. This was true even after accounting for differences in the demographic characteristics of women who obtained different types of services. Although not definitive, these data suggest that skill-building activities may be important in helping AFDC recipients secure stable jobs.

Employment and training services should play a critical role in any major welfare reform effort. Rigorous studies have shown that such services can be cost effective and can produce positive results for participants. However, these same studies also demonstrate the limits of these programs; the programs cannot move all participants into jobs or off welfare permanently. The new NCEP study offers little evidence to alter this basic conclusion.

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